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Roy Lampe

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AUDITAPE

THE POWER OF AN IDEA

By Roy Lampe

Who in 1895 could have prophesied the advent of the computer? Perhaps there were some visionaries at Haskins & Sells seventy-five years ago who could foresee the advent of the adding machine or the calculator. But the computer as we know it was simply a science fiction fantasy.

Today we are all witness to a phenomenon that has astonished even its inventors. The computer's power and scope are awesome. It has opened new frontiers for commerce, industry, medical research and education. It has changed the concepts of time and space, creating new life conditions for the entire world. The computer has been hailed as the instrument that will bring about a second industrial revolution.

There are some who believe this mighty machine can do virtually everything. Not true! There is hardly an innovation that doesn't bring with it a new kind of problem.

Auditors found that as the clients' manually prepared visible records disappeared into magnetic storage tape or disc it became increasingly difficult to trace specific accounting information in its "invisible" computer state. The auditor was faced with a choice of three alternatives, none of which was completely satisfactory.

First, he might secure a full printout of all accounting data, thus making "visible" the entire record. But a full printout often would require extra computer time and cost, and would still not select the specific data needed. *Second*, he might be able to use an existing computer program to obtain the specific details required by the auditor. But if a client's program is used, the auditor must establish its validity for his

specific purpose. *Third*, he could prepare a special computer program. However, if a special program must be prepared to extract the specific information, it may become a costly, time-consuming procedure, thus defeating the major advantages the computer has to offer: speed and efficiency at a low cost. Also, the two latter alternatives would require that auditors be experienced in computer programming.

As these problems mounted, it became increasingly apparent to Ken Stringer, partner in the H&S Executive Office responsible for developing auditing standards and procedures, that there was a critical need to develop a new method of reaching specific information stored in computer form, inexpensively and on demand.

In the fall of 1964 Mr. Stringer arranged for the initial work on this critical project, and early in 1965 recruited some of the keenest computer-oriented minds in the Firm to continue work on it. This team included Jimmie Dunn and Bob Egan of the Houston Office, Joe Wesselkamper of the Cincinnati Office, and Frank Devonald of the New York Office. The team's mission: to create a generalized computer program that could provide the capability of reading and selecting specific information from masses of stored data and yet be used by persons having no specialized knowledge of computers or programming languages.

It was a difficult, arduous task requiring months of continuous exploration, evaluation, analysis and agonizing reappraisal. By November 1965 the team had developed a system called the Computer Audit Programs, consisting of a Computer Audit Tape and a Computer Audit Deck. Although this system was distributed to H&S offices and used successfully at that stage of development, the team realized there was need for further improvements to meet the criteria established at the beginning of the project. Early in 1966, Bob Egan and Joe Wesselkamper were transferred to the Executive Office to concentrate on the project full-time.

By September of that year the Firm's concerted thrust paid off—the new Auditape System was unveiled. The Haskins & Sells team had created an auditor's "key to the computer"—a system that is capable of handling computer records in virtually any format, requiring no special programming by the auditor and minimal training. It can obtain essential information economically with a speed previously unknown to auditors and without a deluge of extraneous information.

Although primarily conceived as an aid to the auditor, the Auditape System was recognized as a potentially important management tool. Its flexibility could bring a new dimension to information retrieval, especially when data is needed by management to make a crisis decision and there is no program for this one-time requirement.

Haskins & Sells introduced its Auditape System concept to its clients in the fall of 1966 through a series of regional meetings throughout the country. An orientation team consisting of John Queenan, Ken Stringer, Joe Wesselkamper and Bob Egan described the Auditape System and offered it to the clients for their use. Even as this series of meetings began additional features

Roy Lampe is a writer who specializes in business and industrial subjects. He wrote the script for *Masterminding the Computer*, the H&S motion picture introducing Auditape.

were being developed to broaden the scope and flexibility of the System. The client response to Auditape was enthusiastic.

At the request of the American Institute of CPAs, H&S made a presentation of the Auditape System at the annual meeting of the Institute in the fall of 1967 and made it available for use by the entire profession at that meeting. The enthusiasm which greeted that presentation spurred the AICPA to ask H&S to conduct a series of Auditape training courses as a means of encouraging CPAs to take advantage of this breakthrough as a professional approach to auditing.

To meet this urgent request, Bill Rowe of the H&S Professional Education and Development Department was transferred to the Auditape team to work with Ken Stringer and Joe Wesselkamper in formulating and implementing this training program, and has remained as a key member of the Auditape team since that time. In December 1967 H&S conducted the first three of these courses, all of which were oversubscribed.

Since then nine additional courses have been held through the AICPA. The "students" consisted of top level CPAs and internal auditors and financial and data-processing personnel from both industry and government agencies. In addition to the AICPA courses, other training courses have been held

at the request of business, professional, governmental and educational organizations. More than 1,000 people, in addition to H&S accountants, have received Auditape training.

More than 1,000 tapes are in use by H&S, clients and others. Today Auditape is international, being used on six continents.

Auditape's impact on the profession and business has been significant. Most of the larger accounting firms in the country are in various stages of development of their own systems to serve purposes similar to those of Auditape.

Since its inception in 1966, Auditape has proven invaluable where special analyses are needed for business mergers, acquisitions, union negotiations, antitrust and special tax situations—wherever there is a need to extract specific information not readily available in the normal course of operations, and where time and cost are critical factors.

The level of success Auditape has achieved is truly the result of a team effort. Since its earliest stages, many minds have been measured against the task. Those who have also made major contributions over the past five years include Bill Meister, Atlanta; Don Johnson and Tom Commes, Minneapolis; "Butch" Barber, Houston; Warren Moore, Phoenix; Mike Jones, Seattle; and Bill Cornish, Herb Eldridge and Norm Kelly of DPH&S, Toronto.

Yet, for Auditape, it is just the beginning. As our economy expands and needs accelerate, Auditape innovation will be essential. To meet the challenge of the Seventies, the team presently includes: Ev Johnson, Joe Wesselkamper, Bill Rowe, Cy Devery, Maurice Newman, Dick Snyder, Alice Martel and Ted Levine.

What's in the future for Auditape? Expansion and leadership. To meet the increasingly complex developments of

our practice and our clients, and of business in general, we are developing newer and more sophisticated Auditape routines. In addition to the four series of computer systems Auditape can serve now—IBM 1400, Honeywell H-200, IBM S/360 and RCA Spectra 70—we plan to adapt it to other computer systems, including the more sophisticated ones expected in the future.

The development of Auditape by Haskins & Sells underscores our Firm's belief that in order to meet the challenge of an expanding tomorrow we must be willing to pioneer in exploring the power of an idea. It was thus seventy-five years ago and it remains still as the passport to future progress. Without this spirit the moon would still be a distant satellite—and not a suburb of the world. □